

Realty Trust Review

September 17, 1973

Vol. IV, No.17

LONG-TERM MORTGAGE TRUSTS--VALUE GUIDE TO ISSUES REVIEWED

Trust	Port. Yield	--6 Mo. Port. Last	Chng.-- E Next	Lever. Ratio	Price	Est. Yield	Page
Bank Am. Rlty	11.39%	7%	10%	1.70	\$25.75	7.9%	3
BT Mtg. Inv.	11.25	17	14-16	4.05	26.00	10.7	3
CleveTrust	11.77	8	11	1.30	19.00	9.5	3
Conn.Gen. Mtg.	9.69	8	16-19	0.67	20.88	8.9	4
Cousins M&E	12.44	39	20	2.18	26.75	9.1	5
Equit. Life M&R	10.25	14	25	0.64	26.00	8.3	4
Fidelco Gr.	11.97	39	35	1.24	30.50	10.5	5
First Mem.	12.21	11	11	2.11	19.50	10.4	5
Gulf M&R	11.13	33	21	0.95	17.38	10.5	6
HNC Mtg.	11.46	28	12	1.57	18.50	11.7	6
Larwin Rlty.	9.11	12	12	0.00	11.75	10.5	6
MassMutual Mtg.	9.62	19	18	0.48	19.00	9.7	7
MONY Mtg.	9.86	15	15	1.78	10.25	8.9	8
NW Mut. Life	10.14	27	22	1.10	23.75-24.50	8.1	7
RAM Pac.	10.34	49	30	0.63	16.63	10.6	8
State Mut.	11.86	34	25	1.06	21.38-30%	11.6	8
AVERAGES	10.91%	22½%	19%	1.34		9.8%	

These three measures are selected to aid investors. Averages for the measures are shown so each trust may be compared to the average. Portfolio yield is a general measure of risk to the investor, with highest yield typically the riskiest. Changes in funded portfolio indicate relative dynamism of increases in earning assets, although holdings of equity trusts typically will increase much more slowly than mortgage trusts. Leverage ratio indicates a trust's ability to obtain external non-convertible funds, although recent financings or policy decisions may lower this ratio temporarily. Leverage is the ratio of all non-convertible debt which is working to produce return to the trust's capital (equity plus convertibles). Ratios above 3.0 are rare and may portend capital financing. NO-No operation. NE-No estimate.

Statistical summaries for each trust reviewed show the trust's operating record for the four latest quarters. Ranges for share prices and dividend yields are shown for all four quarters to facilitate comparison with current yields and prices. Price ranges are those for calendar quarters. Where calendar quarters and a trust's interim period do not coincide, prices are shown for the quarter covering two months of the trust interim. For instance, December quarter prices are shown for trusts with November, December and January interims while March quarter prices are used for trusts with February, March or April interims.

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KENNETH D. CAMPBELL, EDITOR AND PUBLISHER / AUDIT INVESTMENT RESEARCH INC., 230 PARK AVENUE, SUITE 555, NEW YORK, N.Y. 10017 (212) 725-1410

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LONG-TERM MORTGAGE TRUSTS: INCIPIENT EARNINGS DECLINES OPEN SELECTIVE BUYING OPPORTUNITY

This is the first group review in which the majority (10 of 16) of issues have flat down earnings prospects. We do not view the long-term mortgage group as an across-the-board sell for that reason, and on the contrary believe there are some very sound values in today's marketplace. In appraising each issue, it's important to examine how well each trust management has handled its internal affairs as well as the probable impact of external events.

Internally, three factors are pertinent: 1) How quickly and effectively trust management prepared for rising short-term interest rates by floating short-term loans with the prime rate or commercial paper rate, if applicable. Each trust's policy is given along with historical portfolio yields as a further guide to effectiveness of these policies. 2) Whether loans have been generated to build assets (and increase management fees) or to sustain longer-term earnings gains. Expense ratios, shown below, reveal the group to have many trusts with lower operating costs, but return on capital, shown for each trust, in many instances is below the average for all trusts. 3) Whether financing and portfolio investment maturities have been matched appropriately. The classic portfolio stance of a long-term mortgage trust is to invest long-term capital (equity and convertibles) in long-term mortgages or property, often with equity kickers, and use borrowed money to invest in short-term or intermediate-term situations. While this balance may be upset on some occasions, the table below shows that most long-term REITs are coming close to this goal.

Externally, interest rates and the mortgage-real estate market are the two most important variables to examine. For two months there's been a general feeling that interest rates are topping but rates keep climbing to new peaks, as witness the 9.0% rate for Treasury bills last week. We continue to urge caution on this score, as the rate of inflation bears critically upon the future course of rates. The mortgage and real estate market is cause for concern, too. Lenders in the large insurance company trusts surveyed this issue report they do not see equity kicker opportunities now of the same quality they saw in the 1969-70 credit crunch. A large part of this is due to reports of overbuilding in many areas, most notably Florida, and property types, most notably condominiums.

The pace of commitment activity bears directly upon the level of commitment fee income which has been pivotal for some trusts. *MassMutual*, for instance, reported an earnings decline because fee income is off, while a single large deal aided *State Mutual* earnings. Summing it all up, we would stress new buying in the six issues where earnings likely will be up and where low commitment fee income assures higher quality earnings. The six:

	---THREE KEY RATIOS---			-CAPITAL VS. INVESTMENTS-			Connecticut General, Gulf Mortgage, Cousins Properties, Fidelco Growth, Northwest Mutual Life and RAMPAC. Trusts with level or down earn- ings prospects have somewhat higher market risk but the major in- stitutional trusts are solid long-term commit- ments. CHANGES AT ASSOCIATED MTG. Associated Mortgage (6 5/8-ASE) is working to reach final agreement with J.I. Kislak Co., mortgage banker, in which Kislak would take over associated's adviser
	Loss Res.#	Exp. Ratio*	Problem Loans#	% Perm. Capital	-% of Invest.**- LT&RE ST Mtg.		
BankAm. Rlty.	0.17%	1.56%	None	37%	42%	51%	
BT Mtg. Inv.	0.19	1.58	3.8%	33	20	49	
CleveTrust	0.12	1.24	3.4	43	47	53	
ConnGen. Mtg.	0.36	1.27	None	60	61	39	
Cousins M&E	0.37	1.58	None	32	28	60	
Equit.Lf.Mtg.	0.23	1.52	0.4	61	68	32	
Fidelco Gr.	0.15	1.75	None	45	47	53	
First Memphis	0.46	1.74	None	32	31	65	
Gulf Mtg. & Rl.	0.30	1.66	1.2	51	53	38	
HNC Mtg.	0.11	1.64	1.6	39	10	70	
Larwin Rlty.	0.57	1.88	5.0	100	63	--	
MassMut. Mtg.	0.25	1.28	None	67	66	28	
MONY Mtg.	None	0.98	None	36	49	43	
NW Mut. Mtg.	0.07	1.24	None	48	61	39	
RAMPAC	0.17	1.58	None	61	45	55	
State Mut.	0.18	1.52	4.1	47	39	58	
AVERAGES	0.23%	1.50%		49%	48%	45%	

#Based on gross portfolio. *On avg. fundings. **Excl. intermediate term loans.

BANKAMERICA REALTY INVESTORS (OTC-BRLTS)-FY July 31-Price:\$25.75 Yld:7.9%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld. range-
10/72	\$179.3M	10.09%	11.45%	\$0.53	\$0.52	\$0.52	\$27.75-24.25	8.6-7.5%
1/73	185.3	10.32	11.99	0.55	0.53	0.52	32.13-27.50	7.6-6.5
4/73	183.6	10.88	11.05	0.51	0.49	0.50	33.00-26.88	7.4-6.1
7/73	199.0	11.39	10.52	0.46	0.46	0.50	29.63-26.00	7.7-6.7

Portfolio dynamics: Latest portfolio gained 7% over the last 6 months and is broken down as follows: 51% constr. & devel.; 37% land & building; 5% second mtg.; 5% first mtg.; 2% partnerships. We estimate new fundings will grow by 10% over the next six months with about 60% of gains being short-term & intermediate loans and the remainder long-term and equity investments. Holdings are located in 16 states, Wash. D.C., and Guam with 70% in California. Some 37% of short-term loans are tied to prime and 53% of projected short-term fundings are tied to prime, 24% are tied to the higher of prime or commercial paper and 23% are fixed rates. Trust has no problem loans. Financing: Capital of \$72.4M is 93% equity with 3.52M shares and 7%, 6 3/4% convt. debent. Debt of \$123.5M is 40% long-term bank loans; 34% commercial paper; 14% bank loans; 12% mtg. No public financing in next 6 months. Sponsor: BankAmerica Corp. largest U.S. bank holding co. Results & outlook: Improved portfolio yield and funding growth could not offset dramatic rise in money cost last 2 qtrs. and earnings and dividends declined. Moderate funding gains over the next 6 months may not be able to offset the estimated high interest rates so that earnings and dividends will be level or down a bit. No warrant overhang. Shares are a longer term holding based on financial and originating strength of sponsor. (VCK)

BT MORTGAGE INVESTORS (ASE-BTM)-FY Sept. 30-Price:\$26.00 Yld:10.7%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld. range-
9/72	\$111.2M	11.45%	22.42%	\$0.71	\$0.65	\$0.66	\$30.63-27.25	9.7-8.6%
12/72	125.5	11.22	22.56	0.73	0.66	0.70	33.75-29.63	9.5-8.3
3/73	137.7	11.34	21.35	0.70	0.64	0.72	34.63-29.50	9.8-8.3
6/73	146.7	11.25	20.76	0.70	0.64	0.70	31.50-24.25	11.5-8.9

Portfolio dynamics: After a 17% gain over the last 6 months, fundings are estimated by mgmt. to grow by \$10-12M per qtr. in the next 6 months, a 14-16% increase. Most new investments will be in the short-term area. Current portfolio is 49% constr. loans, 19% long-term; 14% intermediate; 11% devel.; 6% wrap around; 1% property. Loans are located 67% Northeast; 22% Southeast; 7% Southwest; 4% Northwest. Trust has three problem loans amounting to \$5.6M or 3.8% of total portfolio. About 41% of loans are tied to prime and trust is making new loans at the greater of prime or the commercial paper rate with a stated minimum rate. Financing: Capital of \$29.4M is all equity with 2.15M shares. Debt of \$118.8M is 45% bank notes; 38% commercial paper; 17% subor. debent. Trust is contemplating some type of public financing in the next six months. Sponsor: Bankers Trust, 8th largest U.S. bank. Results & outlook: Trust's earnings have declined slightly (4%) over the last 6 months due to higher interest rates and a more conservative lending position. Lending activity has been picking up lately but present high interest rates should hold earnings & dividend level or down a bit in the coming six months. An overhang of 20% due to warrants a minor negative. Shares shift to NYSE Oct. 9. Shares have an attractive yield and speculative appreciation potential based on a downturn in interest rates. (VCK)

CLEVETRUST REALTY INVESTORS (OTC-CTRIIS)-FY Sept. 30-Price:\$19.00 Yld:9.5%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld. range-
9/72	\$ 90.5M	12.99%	9.87%	\$0.41	\$0.32	\$0.41	\$21.50-17.88	9.2-7.6%
12/72	99.3	12.15	10.01	0.42	0.36	0.42	21.75-20.25	8.3-7.7
3/73	104.8	11.91	10.40	0.44	0.38	0.44	22.13-19.13	9.2-8.0
6/73	106.8	11.77	10.25	0.44*	0.47	0.45	20.37-18.75	9.6-8.8

Portfolio dynamics: Current fundings increased 8% over the last 6 months and are 53% short-term mtgs.; 26% long-term; 21% real estate. Mgmt. estimates about \$12M net will be added to the portfolio over the next 6 months, a gain of 11%, with the majority of new investments being short-term. Some 90% of short-term investments are tied to prime but about

19% have ceilings. In the past 2½ months trust has made about 80% of new short-term loans at the higher of prime on the commercial paper rate. Trust has two problem loans amounting to \$3.6M, or 3% of portfolio. Financing: Capital of \$47.4M is all equity with 2.52M shares. Debt of \$61.8M is 64% commercial paper; 20% mtg.; 16% bank loans. No public offering planned in next 6 months. Sponsor: The Cleveland Trust Co., largest bank in Ohio. As of Jan. 1'74 the adviser will become a wholly owned subsidiary of the bank; the adviser is now 40% owned by Cragin, Lang, Free & Smythe, Inc., Cleveland realty firm. Results & outlook: Moderate funding gains may not be able to produce earnings and dividend increases due to declining portfolio yield and rising money rates. Overhang of 99% due to warrants a longer term negative. Trust does have good origination capabilities & strong financial backing. Shares carry good yield. *Excl. \$0.11 capital gain. (VCK)

CONNECTICUT GENERAL MTG. & REALTY INV. (NYSE-CGM)-FY Mar. 31-Price:\$20.88 Yld:8.9%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Cash Flow	Div.	-Price range-	-Yld. range-	
9/72	\$266.4M	9.89%	7.91%	\$0.42	\$0.47	\$0.44	\$29.50-22.50	7.8-6.0%	
12/72	291.6	9.79	7.73	0.41	0.50	0.44	29.25-24.50	7.2-6.0	
3/73	304.7	9.80	7.63	0.39	0.50	0.44	28.50-24.25	7.3-6.2	
6/73	313.7	9.69	7.90	0.42	0.45	0.44	26.50-19.25	9.1-6.6	

Portfolio dynamics: Fundings were up 8% over the last six months and a pickup in production leads mgmt. to believe that fundings will grow \$25-30M per quarter over the next six months, producing a 16-19% increase. Current portfolio is 41% long-term; 24% constr. & devel.; 15% short-term; 13% real estate; 4% land leased to others; 3% partnerships. Long-term loans & equities are located in 17 states with about 30% in Calif. while short-term loans are widely diversified. There are 28 properties in the equity portfolio. A \$2.3M problem loan has been resolved and there are no other problem loans. About 90% of constr. loans and 40% of other short-term loans are tied to prime and almost all new short-term loans are being made at the higher of prime or commercial paper. Financing: Capital of \$189.3M is 58% equity (with 5.63M shares) and 42% convt. Debt of \$126.2M is 52% commercial paper; 32% long-term loans; 16% mtg. No public financing planned. Sponsor: Connecticut General Ins. Corp., one of the ten largest U.S. life companies. Results & outlook: Significant buildup in fundings in the next months coupled with improving portfolio yield point to moderate earnings & dividend gains despite high money costs. No warrant overhang. Shares carry stable yield and have moderate appreciation potential. (VCK)

THE EQUITABLE LIFE MTG. & RLTY. INV. (NYSE-EQ)-FY Oct. 31-Price:\$26.00 Yld:8.3%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld. range-	
10/72	\$203.5M	10.03%	8.76%	\$0.55	\$0.54	\$0.53	\$31.00-26.75	7.9-6.8%	
1/73	205.7	9.71	8.70	0.53	0.53	0.50	31.00-27.50	7.3-6.5	
4/73	208.1	10.29	9.24	0.57	0.55	0.50	31.25-24.00	8.3-6.4	
7/73	235.0	10.25	9.12	0.55	0.54	0.54	27.00-22.63	9.5-8.0	

Portfolio dynamics: There was a 14% gain in funding over the last six months and we estimate investments will increase by 25% in the next six months with most of the new investments being short term. Breakdown of latest portfolio is 64% long-term mtg.; 25% constr.; 4% land devel.; 4% real estate; 3% short-term & second mtg. Investments are located in 39 states, Canada, Puerto Rico and Wash. D. C. Some 16.7% of total loans are tied to prime and the majority of new constr. and devel. loans are being tied to prime. Trust has one problem loan amounting to about \$990T, or 0.4% of total portfolio, and mgmt. expects no loss of interest or principal. Financing: Capital is \$142.4M with 95% in equity (5.58M shares) and 5% of 6 3/4% convt. Debt of \$90.6M is 65% bank loans and 35% commercial paper. No public financing planned next six months. Sponsor: The Equitable Life Assurance Society of U.S., third largest U.S. mutual life company. Results & outlook: Higher debt cost which could not be offset by good funding gains and a slightly lower portfolio yield were major reasons for the modest drop in earnings in the July quarter. Healthy estimated funding gains in the next six months matched with a good portfolio yield may offset rising debt costs and bring level or moderately rising earnings and dividends. Shares have moderate appreciation potential. (VCK)

COUSINS MTG. & EQUITY INVESTMENTS (NYSE-CUZ)-FY Aug. 31-Price:\$26.75 Yld:9.1%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-
11/72	\$142.0M	10.31%	12.03%	\$0.54	\$0.51	\$0.54	\$29.88-25.13	8.6-7.2%
2/73	167.9	11.05	12.69	0.58	0.55	0.58	30.88-25.13	9.2-7.5
5/73	184.6	11.55	11.15	0.59	0.58	0.59	27.25-24.13	9.8-8.7
8/73	233.1	12.44	11.62	0.61	0.59	0.61	26.00-23.75	10.3-9.4

Portfolio dynamics: A summer surge pushed fundings ahead by 39% in the two qtrs. to August, but growth at about half that rate appears in store next two qtrs. Holdings are widely diversified mainly in the Southeast, with 46% in short-term constr. loans; 15% combination constr. and permanent mtgs.; 12% intermediate-term; and 28% long-term, most with equity kickers. There are no problem loans. Most constr. loans are tied to prime and most permanents carry equity kickers. **Financings:** Capital of \$79.2M is all equity with 3.75M shares following a 1.3M share offering at \$26½ in April. Debt of \$172.4M is 36% bank borrowings, 23% a new bank term loan, 17% of 6½% subor. debentures, and 23% commercial paper. Additional financing sources are being explored. **Sponsor:** Cousins Properties, well-regarded Atlanta realty developer. **Results & outlook:** Earnings progress has been maintained after absorbing higher number of shares following April offering. Real estate expertise has kept portfolio clear of major problem loans, and fee income (about 2½% of earnings) has been minimized to maintain high quality of earnings. Although yield is relatively low, shares have good appreciation potential for aggressive accounts. (KDC)

FIRST MEMPHIS REALTY TRUST (OTC-FMEMS)-FY Nov. 30-Price:\$19.50 Yld:10.4%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-
11/72	\$49.7M	10.29%	10.71%	\$0.46	\$0.29	\$0.46	\$21.88-20.13	9.1-8.4%
2/73	57.1	9.81	11.19	0.49	0.41	0.49	21.63-20.75	9.5-9.1
5/73	56.1	10.78	11.60	0.51	0.44	0.51	22.50-20.75	9.8-9.1
8/73	63.4	12.21	11.49	0.50	0.50	0.50	21.25-19.25	10.4-9.4

Portfolio dynamics: The gain in fundings in the last 6 months was 11% with mgmt. estimating investments being \$65M by Nov.'73, a 3% gain from Aug.'73 and \$75M by May '74, an 18% increase from Aug.'73. Current portfolio is 46% constr.; 19% land & land devel.; 15% long-term; 10% constr.-permanent; 6% investment properties; 4% standing loans. Investments are in 19 states with concentrations in Tenn. and Fla. Some 65% of short-term loans are tied to higher of prime or commercial paper. No problem loans. **Financing:** Capital of \$20.8M is all equity with 1.16M shares. Debt of \$43.8M is 92% commercial paper; 6% bank loans; 2% mtg. A public financing is possible in the next 6 months. **Sponsor:** First Nat'l. Bank of Memphis. **Results & outlook:** Slower than expected funding growth & high money costs were the main reasons for the small dip in earnings & dividends in the August qtr. These conditions should continue near-term and we look for level or lower earnings and dividends. Overhang of 97% due to warrants. Shares primarily for yield. (VCK)

FIDELCO GROWTH INVESTORS (ASE-FGI)-FY Nov. 30-Price:\$30.50 Yld:10.5%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld. range-
8/72	\$51.3M	12.43%	12.81%	\$0.79	\$1.08	\$0.77	\$36.75-31.63	9.7-8.4%
11/72	61.0	13.46	14.14	0.92	0.80	0.86	42.75-34.50	10.0-8.1
2/73	71.3	11.77	13.09	0.84	0.80	0.82	44.63-34.00	9.7-7.4
5/73	84.9	11.97	12.46	0.79	0.79	0.80	39.50-30.25	10.6-8.1

Portfolio dynamics: Fundings rose 39% over the last six months and mgmt. indicates that investments reached \$96.5M in Aug., a 14% gain from May'73, and will reach \$115M by year-end Nov.'73, a 35% increase from May'73. Most funding growth will be short-term loans. Current portfolio is 53% short-term; 42% long-term; 5% land purchase-leasebacks. Investments are located in 14 states, Wash. D. C. and P.R. with some 50% concentrated in Penn. Some 65% of short-term loans are tied to prime and almost all new short-term commitments are being tied to prime. No problem loans. **Financing:** Capital of \$40.4M is all equity with 1.57M shares. Debt of \$50.0M is 96% bank loans and 4% commercial paper. A public financing is possible during the next 6 months. **Sponsor:** Fidelity Corp. of Penn. whose subsidiaries include The Fidelity Bank of Phila. and Latimer & Buck, Inc., mortgage banker. **Results & outlook:** Significant decline in portfolio yield plus higher debt cost were major reasons for earnings and dividend decline over the past 6 months. Portfolio yield

should start gaining in next six months as higher yielding short-term loans build-up. This plus continued good fundings growth and dilution of 9% could enable earnings and dividends to grow moderately. Shares have speculative appreciation potential. (VCK)

GULF MORTGAGE AND REALTY INV. (ASE-GMR)-FY Feb. 28/29-Price:\$17.38 Yld:10.5%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-	
8/72	\$ 72.7M	9.35%	8.53%	\$0.38	\$0.38	\$0.38	\$19.00-17.38	8.6-7.9%	
11/72	83.8	10.59	9.28	0.41	0.41	0.39	20.88-18.00	8.8-7.6	
2/73	101.6	10.53	8.93	0.43	0.43	0.42	21.50-18.00	9.3-7.8	
5/73	111.2	11.13	9.72	0.46	0.46	0.44	19.50-15.88	11.1-9.0	

Portfolio dynamics: Investments rose 33% in the last 6 months and mgmt. estimates about \$23M will be added the next six months, a 21% gain, with virtually all new loans being short-term. Current portfolio is 45% long-term; 22% land acq. & devel.; 16% constr.; 9% intermediate; 5% buildings & land improvements; 3% land. Investments are located in 19 states, Puerto Rico and the Virgin Islands with concentrations in Fla. and Ga. Trust has one loan in default of \$1.35M (1.2% of portfolio) but mgmt. expects no loss of principal or interest. All short-term loans are tied to prime and new short-term loans are being tied to prime. Financing: Capital of trust is \$59.8M with 67% in equity (2.21M shares) and 33% synthetic convt. Debt of \$57.1M is 48% bank loans; 35% term bank loans; 10% mtg.; 7% commercial paper. No public offering in next 6 months. Sponsor: Gulf Life Holding Co. whose subsidiaries include Gulf Life Insurance Co. and American Amicable Life Ins. Co. Results & outlook: The \$0.46 August dividend indicates continued gains. Good funding gains over next six months plus good improving portfolio yield and adequate finances indicate moderate earnings and dividend gains near term. There is an overhang of 55% due to warrants. Shares carry attractive yield and have moderate appreciation potential. (VCK)

HNC MORTGAGE AND REALTY INVESTORS (OTC-HNCMS)-FY Oct. 31-Price:\$18.50 Yld:11.7%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-	
10/72	\$ 80.9M	10.65%	10.36%	\$0.57	\$0.48	\$0.46	\$20.13-19.25	9.6- 9.1%	
1/73	95.5	10.03	9.99	0.53	0.50	0.50	23.38-21.63	9.3- 8.6	
4/73	109.5	10.30	10.00	0.53	0.51	0.52	24.50-23.75	8.8- 8.5	
7/73	122.0	11.46	10.41	0.54	0.53	0.54	20.25-17.50	12.3-10.7	

Portfolio dynamics: Fundings grew 28% over the last 6 months and mgmt. estimates \$15M will be added to the portfolio over the next 6 months, a gain of 12%. Current portfolio is 55% constr.; 15% land devel.; 12% standing; 10% long-term; 8% junior. Investments are located in 22 states, P.R. and Wash. D. C. with concentration in N.Y., Conn., Fla. Portfolio by type is 31% apartments; 19% condominiums; 14% office buildings; 8% each hotel-motel & shopping centers; 6% each single family & entertainment centers; 8% other. Title has been taken on one problem loan amounting to \$1.9M and trust plans to sell property. Mgmt. expects no loss of principal and may even be able to receive all interest. About 50% of loan are tied to prime and new loans are being made at the higher of prime or the commercial paper rate. Financing: Capital of \$50.6M is 95% equity (with 2.38M shares) and 5%, 6 3/4% convt. debent. Debt of \$79.5M is 63% bank loans and 37% commercial paper. There is a good probability of some type (most likely subor. debent.) of public offering in next 6 mo. Sponsor: Hartford Nat'l. Corp., largest bank holding co. in Conn. Results & outlook: Good funding gains and rising portfolio yield enabled trust to overcome higher money rates & produce moderate earnings and dividend gains. The expected slow down in fundings, due in large part to heavy repayments, plus expected continued high money costs may cause earnings and dividends to be level if not down slightly. No warrant overhang. Shares offer an attractive yield. (VCK)

LARWIN REALTY & MTG. TRUST (ASE-LRM)-FY Nov. 30-Price:\$11.75 Yld:10.5%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Cash Flow	Div.	-Price range-	-Yld. range-	
8/72	\$61.9M	9.35%	6.31%	\$0.30	---	\$0.30	\$17.50-13.63	8.8-6.9%	
11/72	58.5	9.39	6.63	0.31	\$0.33	0.31	16.38-14.25	8.7-7.6	
2/73	63.7	9.47	6.86	0.32	0.34	0.32	16.58-14.38	8.9-7.7	
5/73	65.4	9.11	6.72	0.31	0.33	0.31	14.88-10.38	11.9-8.3	

Portfolio dynamics: Current portfolio, which gained 12% over the last 6 months, was

58% mtg.; 37% GNMA certificates; 5% foreclosed properties. Trust loans were: 32% office building; 29% industrial properties; 28% other real estate; 11% multi-residential. Investments are located in 13 states. Mgmt. expects portfolio to grow by \$4M per quarter in next six months, a 12% gain, with 50% of new loans being short term & the remainder long-term. Trust is not planning to sell its GNMA holdings in the next six mo. Some 70% of short-term loans are tied to prime & new short-term loans are being tied to the higher of prime or commercial paper. Trust foreclosed on two problem loans amounting to \$3.2M during the second qtr. and a \$2.6M participation constr. loan is now current. Financing: Trust capital of \$67.2M is all equity with 3.61M shares. Trust has no debt but is beginning to use its bank lines. Trust is negotiating a \$10M, 6 yr. term loan. Sponsor: CNA Financial Corp. Results & outlook: Modest portfolio growth over the next six months should result in level or slightly rising earnings and dividends if the decline in portfolio yield can be reversed. Overhang of 100% due to warrants a longer term negative with \$20 exercise price. Shares are for yield with some variable income characteristic. (VCK)

NORTHWESTERN MUTUAL LIFE MTG. & RLTY. INVESTORS (NYSE-NML)-FY Mar. 31-Price:\$23.75 Yld:8.1%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range	-Yld range-
9/72	\$127.3M	10.18%	9.05%	\$0.44	\$0.43	\$0.44	\$25.50-22.00	8.0-6.9%
12/72	155.8	10.38	9.54	0.47	0.45	0.46	27.00-24.25	7.6-6.8
3/73	174.4	9.94	9.49	0.46	0.45	0.48	27.25-22.63	8.5-7.1
6/73	197.2	10.14	10.01	0.48	0.48	0.48	25.00-22.38	8.6-7.7

Portfolio dynamics: Holdings increased 27% over the last 6 months and are 56% long-term; 39% constr. & other short-term; 5% real estate. Mgmt. estimates portfolio will be \$270-280M by Mar. '74, a 37-42% gain from June '73, with \$150M in long-term and real estate and the remainder in short-term loans. Investments are located in 36 states with some concentration in Calif. and Fla. California concentration will be reduced in the next 6 months with repayment of a \$14M loan there. About 75% of short-term loans are tied to prime but some loans have hit ceilings so that only about 69% of short-term loans are actually floating with prime. Over 90% of new short-term loans are being tied to prime. No problem loans. Financing: Capital of \$94.8M is 96% equity with 4.71M shares and 4% of 6% convt. Debt of \$104.2M is 43% term loans; 38% commercial paper; 16% bank loans; 3% mtg. No public offering in next 6 months. Sponsor: Northwestern Mutual Life Insurance Co., seventh largest U.S. life co. Results & outlook: Healthy funding growth and improved portfolio yield were able to overcome higher money costs to produce earnings & dividend gains in June qtr., which benefitted by \$0.04/sh. fee schedule change (RTR, July 30). Continued good increase in fundings, no dilution but estimated high cost of money indicate moderate near-term earnings and dividend gains. Shares have moderate appreciation potential. (VCK)

MASSMUTUAL MTG. & RLTY. INV. (NYSE-MML)--FY Oct. 31-Price:\$19.00 Yld:9.7%

Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-
10/72	\$190.6M	9.58%	8.33%	\$0.49	\$0.48	\$0.50	\$30.88-27.25	7.3-6.5%
1/73	203.8	9.19	8.34	0.48	0.48	0.50	30.25-25.75	7.8-6.6
4/73	224.6	9.55	8.66	0.51	0.50	0.50	28.38-23.38	8.6-7.1
7/73	242.5	9.62	8.22	0.47	0.47	0.46	25.75-20.00	9.2-7.1

Portfolio dynamics: Up 19% the past two qtrs., fundings should continue moderate gains at about this pace as \$90.6M of constr. and other short-term mtg. commitments are funded. About 63% of total \$245.4M commitments are for long-term mtgs. at about 8.66% plus contingent interest but fundings are being slowed because of high cost of intermediate-term funds. About 80% of constr. commitments float with prime and yield about 11.46% based on prime at 8.75%. July qtr. holdings are 66% long-term first mtgs., 23% short-term constr. loans, 5½% devel. & land loans, 5½% junior and wraparound mtgs. Holdings in 35 states led by Texas, 12%, and New York, 11%. No problem loans and no condominium loans. Financing: Capital of \$170.3M is 54% equity and 46% convertibles. Debt of \$82.5M is 48% in a bank revolving credit, 38% in bank loans and 13% commercial paper. New non-public financing sources are being explored. Sponsor: Massachusetts Mutual Life Insurance Co., one of 10 largest. Results & outlook: July qtr. decline in earnings and dividends reflects lower volumes of standby commitment fee income on long-term loans, which fell by \$0.08/sh. in nine months to July from year ago. Fee income decline appears to be about over and the \$0.46 dividend appears to have little further vulnerability. Shares yielding about 9.8% are quality long-term holding primarily for income. (KDC)

REALTY AND MORTGAGE INVESTORS OF THE PACIFIC (OTC-RPACS)-FY Nov. 30-Price:\$16.63 Yld:10.6%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-	
11/72	\$49.5M	8.08%	8.07%	\$0.42	\$0.42	\$0.41	\$19.63-18.25	9.0-8.4%	
2/73	49.1	9.71	8.08	0.43	0.39	0.42	20.50-18.38	9.1-8.2	
5/73	56.5	10.09	8.41	0.44	0.41	0.43	18.13-16.00	10.8-9.5	
8/73	73.2	10.34	8.70	0.45	0.43	0.44	18.13-15.63	11.3-9.7	

Portfolio dynamics: Holdings increased 49% over the last 6 months and we are estimating a gain of 30% in the next 6 months. The major portion of new fundings will be short-term loans. Current portfolio is 55% short-term; 33% long-term and 12% real estate. Investments are located in 6 states, Guam and Fiji with over 80% of loans in Calif. and Hawaii. Some 9.2% of short-term loans are tied to prime and all new short-term loans are being tied to prime. No problem loans. Financing: Capital of \$47.3M is 67% equity with 1.72M shares and 33% of 6 3/4% convt. Debt of \$29.8M is 68% bank loans and 32% commercial paper. Trust is negotiating a \$20M, 7-year term loan with Morgan Guaranty and Banker's Trust and a public financing will not be needed. Sponsor: Bank of Hawaii, largest commercial bank in Hawaii. Results & outlook: Significant funding growth and improved portfolio yield were sufficient to overcome rising money costs to produce moderate earnings and dividend gains. Healthy estimated investment growth, and indicated rise in portfolio yield due to more short-term higher yielding loans and no dilution should produce very moderate gains in earnings and dividends despite continued high money costs. Shares have moderate appreciation potential. (VCK)

STATE MUTUAL INVESTORS (NYSE-SMU)-FY Mar. 31-Price:\$21.38 Yld:11.6%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-	
9/72	\$82.9M	11.83%	12.11%	\$0.61	\$0.59	\$0.59	\$25.00-21.75	10.9-9.4%	
12/72	84.5	12.85	13.41	0.69	0.65	0.62	28.00-23.50	10.6-8.9	
3/73	93.7	11.88	11.71	0.60	0.60	0.65	28.00-24.75	10.5-9.3	
6/73	113.5	11.86	11.45	0.61	0.59	0.62	25.75-21.38	11.6-9.6	

Portfolio dynamics: A period of slower growth ended when holdings rose 34% the past two qtrs. Commitments fell a bit to \$137.8M at the end of June, with about \$70M of these for constr. loans and \$31.9M in long-term loans. Holdings are 39% long-term loans, 27% constr. loans, 17% devel. loans, 14 1/2% land loans, and 3% standing loans. A substantial number of constr. loans float with the prime rate. Trust at June 30 had \$4.66M in four problem loans, (4.1% of portfolio), incl. \$1.73M participations in loans to subsidiaries of U.S. Financial which filed under Chapter XI of the Bankruptcy Act in July. A third \$1.55M loan has been brought current and extended to let the borrower arrange other financing. Financing: Capital of \$55.7M is 94% equity with 2.77M shares and 4% convertibles. Debt of \$62.5M is 19% commercial paper and 81% in bank loans, incl. \$15M revolving credit floating at 0.75% over prime without compensating balances. Sponsor: A subsidiary of State Mutual Life Assurance Co., 27th largest in the U.S. Results & outlook: Commitment and placement fee income, primarily from one large deal, accounted for \$0.10/sh. out of \$0.61/sh. in June quarter, and slower commitment pace indicates commitment fees will taper off near-term. While short-term loans are nearly all tied to prime, rising rates may squeeze margins in this portion. Earnings and dividends should be flat to down in near-term quarters. Shares have longer term attraction mainly as interest rate play. (KDC)

MONEY MORTGAGE INVESTORS (NYSE-MYM)-FY May 31--Price:\$10.25 Yld:8.9%									
Quar.	Port.	Port. Yld.	Cap. Ret.	EPS Prim.	Dilut.	Div.	-Price range-	-Yld range-	
8/72	\$198.7M	9.30%	10.58%	\$0.27	\$0.26	\$0.26	\$12.75-12.00	8.7-8.2%	
11/72	221.4	10.44	11.55	0.29	0.28	0.27	14.75-12.25	8.8-7.3	
2/73	222.1	9.75	10.29	0.25	0.24	0.26	14.63-12.38	8.4-7.1	
5/73	255.0	9.86	9.53	0.23	0.23	0.25	13.25-11.13	9.0-7.6	

Portfolio dynamics: Funding growth is steady, up 15% the last two qtrs. through May; growth of about this order anticipated the next two qtrs., with most fundings from \$139M commitments on short-term constr. mtgs. Constr. commitments are about 82% of \$169M total commitments. Holdings at May 31 were 42 1/2% short-term const. loans; 39% long-term loans mostly with contingent income features from the 1969-70 credit crunch; 10% real estate; 9% junior and intermediate-term mtgs. No problem loans. Financing: Capital of \$94.8M is nearly all equity. Debt of \$168.8M is about 56% commercial paper, 25% mtg. debt on property. Sponsor: Mutual of New York, 11th largest U.S. life co. Results & outlook: August dividend declaration of \$0.23 (incl. 1 1/2¢ realty deprec. and 1/2¢ from FY 1973 income) indicates earnings of about \$0.21/sh. in Aug. Rising interest rates will continue to pinch yields and outlook is for flat to down earnings. Shares for income longer-term. (KDC)